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**JUN 1 1994**

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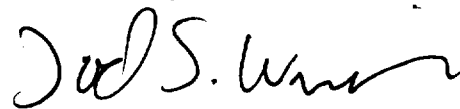
**Mr. William F. Caton**  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

**Re: Ex Parte Presentation**  
**GEN Docket No. 90-314**  
**PP Docket No. 93-253,**

**Dear Mr. Caton:**

**This is to advise that today Anthony Harrington and Joel Winnik of Hogan & Hartson, representing the attached list of rural telephone companies, met with Commissioner Susan Ness and Robert Pepper, Chief, Office Plans and Policy, and discussed the attached position paper for PCS eligibility.**

**Sincerely,**



**Joel S. Winnik**

**Attachments**

## **SMALL INDEPENDENT TELEPHONE COMPANIES OF MTA #09**

Atlantic TMC (NC)  
Bluffton Telephone Company (SC - located in MTA #01)  
Chesnee Telephone Company (SC)  
Chester Telephone Company (SC)  
Citizens Telephone Company (NC)  
Concord Telephone Company (NC)  
Ellerbe Telephone Company (NC)  
Farmers Telephone Cop. (SC)  
Fort Mill Telephone Company (SC)  
Hargray Telephone Company (SC - located in MTA #01)  
Hart Telephone Company (GA)  
Heath Springs Telephone Co. (SC)  
Home Telephone Company (SC)  
Horry Telephone Cooperative (SC)  
Lancaster Telephone Company (SC)  
Lexington Telephone Company (NC)  
Lockhart Telephone Company (SC)  
Mehtel Communications (NC)  
North State Telephone Company (NC)  
Palmetto Rural Telephone Coop. (SC)  
Piedmont Rural Telephone Coop. (SC)  
Piedmont TMC (NC)  
Pond Branch Telephone Company (SC)  
Randolph Telephone Company (NC)  
Randolph TMC (NC)  
Ridge Telephone Company (SC)  
Ridgeway Telephone Company (SC)  
Rock Hill Telephone Company (SC)  
Sandhill Telephone Cooperative (SC)  
Skyline TMC (NC)  
Star TMC (NC)  
Surry TMC (NC)  
Tri-County TMC (NC)  
West Carolina Rural Tel. Coop. (SC)  
Wilkes TMC (NC)  
Yadkin Valley TMC (NC)

The small independent telephone companies of the MTA #09 (North Carolina, South Carolina and part of Georgia) request the Commission's consideration of this important proposed change to the PCS eligibility rules:

**Definition of rural telco as a Designated Entity should specify threshold of 100,000 access lines; and PCS eligibility rules should not apply to any Designated Entity holding an interest in a cellular system of 40% or less.**

- Purpose of eligibility rules is to protect competition by preventing major cellular interests from also taking significant positions in overlapping PCS licensees.
- Rules properly reach largest telephone companies who dominate cellular operations, but are so broad that they also prevent small independents from pooling resources to bid for MTAs in their home territories and, in some cases, prevent small independents from bidding for 20 MHz BTAs in their home territories.
- Small independents' role in cellular today is very limited: they are almost always limited partners holding only very small percentages of ventures which are controlled by companies which have more than 100,000 access lines, and none of them have the size or financial muscle to jeopardize competition.
- Small independents were encouraged by Commission to enter into these cellular arrangements to avoid protracted hearings and negotiations and hasten cellular roll-out.
- They will now be penalized for their cooperation if new rules prevent them from becoming meaningful PCS competitors. Rules should not again tie their hands, this time by restricting them to less desirable 10 MHz BTA channel.
- Strong public interest benefits of small independents' participation in MTAs and 20 MHz BTAs:

- **Creates whole new class of additional competitors in critical MTA and 20 MHz BTA channels.**
- **May be the only companies capable and willing to quickly build out rural areas.**
- **Allows small independents to enhance their telephone operations and meet effectively the competition from MTA and 20 MHz BTA operators who will use wireless services to cream-skim the small independent wireline business.**